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UNFPA

UNITED NATIONS POPULATION FUND

ESTIMATES FOR THE BIENNIAL SUPPORT BUDGET FOR 2000-2001

Report of the Advisory Committee on Administrative
and Budgetary Questions

I. INTRODUCTION

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Executive Director on the estimates for the biennial support budget for 2000-2001 (DP/FPA/1999/11). During its consideration of the report, the Committee met with the Executive Director and her colleagues, who provided additional information.

2. As indicated in paragraph 2 of the report, the proposed biennial budget for 2000-2001 has been prepared in accordance with the common format and guidelines approved by the Executive Board in decisions 97/6 and 99/3 on the harmonized presentation of budgets of UNDP, UNFPA and UNICEF. The Advisory Committee notes that efforts have been made to improve the presentation of the report, implementing many of its previous recommendations. The Committee welcomes the additional information submitted to it with the budget estimates. In the view of the Committee, however, the report still requires some further refinements, as indicated below. The Committee requests that, in future, the budget document include a brief indication of the implementation and follow-up of its recommendations.

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3. The Committee notes that an attempt has been made to present shorter and more focused narratives. Nonetheless, in the Committee's opinion the executive summary contains a great amount of detail that could have been explained in the main part of the report. What could be inferred from the tables and pie charts should not be repeated in the narratives (e.g., paragraphs 49-53, tables 3 and 4 and pie charts B and C). Key issues, such as providing a comprehensive view of staffing of field offices support budgets in relation to country programmes and activities and spending levels should have been explained in a clearer manner. The Committee requests that, in the next budget submission, this information for the UNFPA field offices be presented in a comprehensive manner, as an annex to the budget report. This may be organized in a similar manner, as that shown in document E/ICEF/1999/AB/L.7, annex III, for the biennial support budget of UNICEF.

Resources income

4. Table 1 of the report shows that for the biennium 2000-2001 total projected resources would amount to \$693.7 million, as compared with planned resources of \$773.1 million for the biennium 1998-1999, reflecting a 10.3 per cent decrease. For the biennium 2000-2001, regular resources are projected at \$621.0 million and other resources at \$72.7 million, as compared with regular resources of \$720.0 million and other resources of \$53.1 million planned for the biennium 1998-1999. Upon request, the Advisory Committee was provided with a revised total resource projection for 1998-1999 of \$600.0 million (\$533.9 million of regular resources and \$66.1 million of other resources), reflecting a decrease of 22.5 percent, as compared with the initial total resource projection for 1998-1999 of \$773.1 million (see table 1 of DP/FPA/1999/11 and table 3 of DP/FPA/1997/14). The Committee was informed that other resources income include contributions from private foundations, such as UNFIP, Gates, Hewlett, Rockefeller and others, amounting to \$15.7 million in 1998-1999.

5. The Advisory Committee recalls that, as indicated in its reports DP/1995/43, paragraph 4 and DP/FPA/1997/15, paragraphs 8-9, UNFPA income projections have not always materialized fully, and that, consequently, given the rate of growth in resources and in the administrative and programme support budgets of the Fund in recent years, steps should be taken by UNFPA to contain its administrative costs. In this connection, the Advisory Committee welcomes the information provided in paragraphs 29-30 of the budget report. The Committee notes that cost-saving measures include shorter missions and more restricted travel expenditure, reductions in consultancies, fewer publications and restrictions or delays in replacement of equipment. The Committee was provided with an anticipated expenditure for the 1998-1999 support budget of \$133.5 million gross (\$112.9 million net), reflecting a projected reduction of \$9.7 million gross (\$14.7 million net), as compared with the approved budget of \$143.2 million gross (\$127.6 million net) (see annex I to this report).

6. The Advisory Committee notes from paragraph 33 of the budget report that "given current income constraints, and pending the completion of ICPD+5 review process, the full implications of the review have not been reflected in the budget." The Committee sought clarification on the matter and was informed that UNFPA would like to be prudent in the biennium 2000-2001, as regards the support budget. While the full implications of the outcome of ICPD+5 for UNFPA will be known in the future, the Fund is not planning to revise the budget request unless there is a significant increase in its income.

II. BIENNIAL SUPPORT BUDGET ESTIMATES FOR 2000-2001

7. As shown in table 1 of the report, under regular resources, the support budget estimates for 2000-2001 amount to \$149.4 million gross (\$127.4 million net), as compared to \$143.3 million gross (\$127.5 million net) for the support budget for 1998-1999. Estimated income and adjustments to the support budget amounts to \$22 million (including \$4 million of staff tax reimbursements) for 2000-2001, as compared to estimated income to the support budget of \$15.7 million (including \$3.8 million of staff tax reimbursements) for 1998-1999.

8. The Advisory Committee notes from table 1, footnote c, that UNFPA has included in the income estimates to the biennial budget the amounts needed to refund staff members for income taxes levied by a Member State on staff members, in respect to income they receive from the organization. In this connection, the Committee recalls that, as with the support budgets of UNDP and UNICEF, it had also endorsed this procedure for the presentation of the UNFPA support budget (DP/FPA/1997/15, paragraph 14). Accordingly, these organizations would charge the equivalent of the amount needed to refund staff members for income taxes levied by Member States to the voluntary contributions of the countries concerned and credit the biennial budget in the same amount. Prior to the introduction of the procedure, for these voluntary-funded organizations, which do not have a tax-equalization fund, the amounts that were reimbursed for taxes levied by Member States were a direct charge to the biennial budget, as staff cost. Thus, these were charges to the voluntary contributions as a whole, without any corresponding offset to their biennial support budgets (see DP/1997/CRP.9 and DP/1997/23, paragraph 61). The Committee agreed that the introduction of an accounting linkage with voluntary contributions of Member States that collect such income tax would allow for a more appropriate presentation of the net biennial budget costs (DP/1997/31, paragraph 11, E/ICEF/1998/AB/L.2, paragraph 32).

9. Upon inquiry, the Advisory Committee was informed that, for 1999, UNFPA will not receive a contribution from a major donor country of the Fund. As UNFPA reimburses staff members that are citizens and legal residents of this major donor country for income taxes levied by this donor, in respect of the income they receive from the organization, the Committee notes

that it will not be possible for UNFPA to follow the agreed procedure to deduct the amount needed to refund staff members from this major donor's contribution and credit the support budget in the same amount.

10. As reported in the interim financial statements for the biennium 1998-1999 for the twelve months ended 31 December 1998, the amount of income tax paid by UNFPA totalled \$2.0 million with respect to UNFPA staff members who are citizens or legal residents of the United States. The Advisory Committee was informed that to maintain consistency for the biennium, UNFPA has made the decision to defer implementation of this aspect of harmonization. Thus, the amount of income tax reimbursed is shown as staff cost expenditure under the support budget and the contributions are not reduced. For the biennium 2000-2001, the Committee was informed that the staff tax reimbursements, budgeted under staff costs, would amount to \$3.7 million.

11. As indicated in paragraph 60 and table 2 of the report, for the biennium 2000-2001, the Executive Director proposes a volume increase of \$1.3 million to continue to strengthen the Fund's country office network through the addition of 46 new local posts and operational expenses in certain country offices. As shown in the table of paragraph 61 the total proposed posts in country offices would increase from 730 posts approved for the biennium 1998-1999 to 776 proposed for the biennium 2000-2001. Upon request, the Advisory Committee was provided with the breakdown of the additional proposed local posts, by country office and post level, including the current established posts for the biennium 1998-1999 (see annex II to this report).

12. The Advisory Committee recalls that UNFPA field infrastructure under the biennial support budget has expanded rapidly in recent years (see DP/FPA/1997/15, paragraphs 18-21). The Committee was provided with the staffing trends of the Fund from 1988 to 2001 (see annex III to this report).

13. Although the Advisory Committee has no objection to the proposed expansion of field offices mentioned in paragraph 11 above, the Committee trusts that the filling of these new local posts will take into account the actual resource situation of the Fund in 2000-2001, as well as the vacancy rates in other field offices. In the view of the Committee, UNFPA should explore the possibility of making further economies in other offices to accommodate the new request. The Committee believes that with the introduction of new technologies at headquarters and in the field, together with coordinated simplification of procedures, the current number of secretaries and other clerical posts may no longer be required. The Committee requests that this issue be reviewed and reported in the context of the next budget submission. In this connection, the Committee notes from paragraph 29 that UNFPA will maintain a vacancy rate of internationally recruited staff of 6 per cent in the biennium 2000-2001, instead of 4 per cent used for the 1998-1999 budget. Upon inquiry, the Committee was informed that the ranges of actual vacancy rates

in 1998 were 11-14 per cent for international recruited staff and 7-11 per cent for locally recruited staff. For 1999 the projected vacancy rates are in the ranges of 9-10 per cent for internationally recruited staff and 11-14 per cent for locally recruited staff.

14. In paragraph 69, the Executive Director proposes a volume increase of \$1 million to increase the capacity of the UNFPA internal audit function. The proposal includes the addition of three posts to two posts already established in the UNFPA Internal Audit Section of the UNDP Office of Audit and Performance Review (OAPR) and the increased participation of UNFPA in UNDP's regional service centres. The Advisory Committee has no objection.

15. The Advisory Committee notes from tables 1 and 3 that the proposed biennial budget of \$149.4 million gross represents 21.5 per cent gross of the total resource projection of \$693.7 million for 2000-2001. The Committee notes that the proportion of resources for the administration and support of the Fund's programme continue to be high in relation to its programme delivery. Furthermore, the Committee notes from table 3 that the proportion of resources of the headquarters component of the budget increases from 48.7 per cent in 1998-1999 to 49.7 per cent in 2000-2001.

16. In the light of the overall modest increase in UNFPA's income in recent years, the Committee reiterates its recommendation that UNFPA should continue to contain its administrative and programme support costs at headquarters and in the field.

17. The Advisory Committee notes from paragraphs 35-36 of the report that in the biennium 2000-2001 UNFPA will participate in the plan of the United Nations Development Group (UNDG), sub-group on common premises and services, for further establishment of common premises in the field. According to the plan endorsed by the four organizations participating in the establishment of the United Nations Houses (i.e., UNDP, UNICEF, UNFPA and the World Food Programme), 15 United Nations Houses would be established by 2004 (DP/1999/CRP.5, paragraph 22). The Committee was informed that UNFPA's share of the costs in the budget for the evaluation of potential projects, planning, management and oversight of the programme is estimated at about \$250,000 for the biennium 2000-2001.

18. Costs related to the implementation of projects on common premises would be covered by each participating organization according to the amount of space it may occupy and the actual costs for one-time items. UNFPA plans to fund its share in this category of expenditure from its existing reserve fund for field accommodation established in 1991. For the biennium 2000-2001, UNFPA estimates its share in these capital costs to be about \$2.2 million. The Committee agrees with the view that the many advantages offered by the establishment of common premises under the United Nations House, such as security, safety and opportunity for agreements on common

services, may offset, in the long run, the high initial capital expenditure, leading to a better long-term arrangement in the field.

19. As indicated in paragraphs 77 and 118 and table II, provision for operating expenses at headquarters for 2000-2001 amount to \$4,081,900, reflecting an increase of 16.5 per cent, as compared with the appropriation of \$3,502,700 approved for 1998-1999. The Advisory Committee notes that the increase reflects the impact of the renewal of the New York premises lease and the inflation adjustment. The gross rental cost will increase from the existing \$20 per square foot to \$36 per square foot of rentable space.

20. The Advisory Committee notes from paragraph 39 that UNFPA intends to upgrade and integrate all its computer systems currently in use, with an estimated cost of between \$4.4 million and \$5.7 million. UNFPA intends to seek contributions in cash or in kind to enable it to proceed with the development of the system; however, if donor responses to UNFPA's request are insufficient, UNFPA will consider utilizing programme funds for this purpose. The Advisory Committee is of the view that funds required for the funding of information technology activities should be budgeted under the biennial support budget. The Committee recommends that in its next budget submission UNFPA assess the appropriate level of resources to be invested in information technology, ascertaining, as well, the potential benefits to be gained from such investments.

ANNEX 1

UNFPA

1998-1999 B.S.B. projected expenditure and comparison with appropriations

(in thousands of US dollars)

	Projected 98-99 Expenditure	Approved 98-99 Appropriation	Potential unencumbered balance (1)
Headquarters			
Posts	47,667.3	47,556.7	110.6
Other staff costs	617.3	596.1	31.2
Consultants	1,297.4	678.0	619.4
Travel	1,864.6	2,143.1	(278.5)
Operating expenses	9,222.5	10,136.7	(914.2)
Furniture and Equipment	525.6	1,069.1	(543.5)
Reimbursements	7,966.9	7,601.5	365.4
Sub-Total	69,161.5	69,771.2	(609.7)
Field Offices			
Posts	45,703.5	51,912.4	(6,208.9)
Other staff costs	1,083.9	949.0	134.9
Consultants	-	-	-
Travel	1,923.1	2,495.9	(572.8)
Operating expenses	11,693.0	14,646.0	(2,953.0)
Furniture and Equipment	3,952.7	3,481.0	471.7
Reimbursements	-	-	-
Sub-Total	64,356.2	73,484.3	(9,128.1)
Total			
Posts	93,370.8	99,469.1	(6,098.3)
Other staff costs	1,701.2	1,535.1	166.1
Consultants	1,297.4	678.0	619.4
Travel	3,787.7	4,639.0	(851.3)
Operating expenses	20,915.5	24,782.7	(3,867.2)
Furniture and Equipment	4,478.3	4,550.1	(71.8)
Reimbursements	7,966.9	7,601.5	365.4
Grand Total (Gross)	133,517.7	143,255.5	(9,737.8)
Less: Credit	20,634.0	15,707.0	4,927.0
Grand Total (Net)	112,883.7	127,548.5	(14,664.8)

(1) Negative figures in this column represent potential under-expenditure

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Proposed total field staffing requirements for the biennium 2000-2001

Proposed total field staffing requirements for the biennium 2000-2001																
Region/country	Established posts as of 1998-1999									Additional requirements 2000-2001						
	International staff			Local staff					Total Staff	Local staff					Total Staff	
	UNFPA		Total Int'l.	NPA				Total Local		NPA				Total Local		
	Rep	IPO		NPO	NAF	NS&C	Other			NPO	NAF	NS&C	Other			
Africa (sub-Saharan)																
Benin	1	0	1	1	2	1	3	7	8	1	1	1	-1	2		
Burundi	1	0	1	2	1	2	2	7	8		1			1		
Chad	1	0	1	1	2	1	1	5	6	1		1		2		
Cote d'Ivoire	1	0	1	2	2	1	2	7	8			1		1		
Gabon	0	0	0	1	1	1	0	3	3					1		
Madagascar	1	1	2	2	2	3	3	10	12			1		1		
Mali	1	0	1	2	2	2	3	9	10	1				1		
Mauritania	1	0	1	2	1	1	1	5	6		1			1		
Nigeria	1	1	2	3	2	5	2	12	14	1				1		
Rwanda	1	0	1	2	2	1	1	6	7					1		
Senegal	1	1	2	2	3	3	3	11	13	1	-1			0		
Uganda	1	1	2	2	2	2	2	8	10	1	1			3		
United Republic of Tanzania	1	1	2	2	2	3	3	10	12					1		
Zaire	1	0	1	2	1	2	1	6	7	1	-1			1		
Zambia	1	0	1	2	1	1	1	5	6					1		
Zimbabwe	1	0	1	2	2	1	2	7	8			1		1		
Total - Africa (sub-Saharan)										5	5	5	5	20		
Arab States and Europe																
Bosnia Herzegovina	0	0	0	0	0	0	0	0	0	1		1		2		
Ukraine	0	0	0	0	0	0	0	0	0	1		1		2		
Total - Arab States and Europe										2	0	2	0	4		
Asia and the Pacific			0													
Azerbaijan	0	0	0	1	0	1	0	2	2		1			1		
Cambodia	1	1	2	1	2	2	1	6	8	1				2		
India	1	1	2	2	4	4	3	13	15	1				1		
Islamic Republic of Iran	1	0	1	2	2	2	1	7	8	1	-1			0		
Kazakhstan	0	0	0	1	0	1	0	2	2	1				1		
Kyrgyzstan	0	0	0	1	0	1	0	2	2		1			1		
Laos People's Dem. Republic	1	0	1	1	1	1	1	4	5	1	1	1	1	4		
Maldives	0	0	0	1	1	0	0	2	2	1				1		
Mongolia	1	0	1	1	1	1	1	4	5	1				1		
Nepal	1	0	1	2	2	4	5	13	14	1	-1		-1	-1		
Papua New Guinea	1	0	1	1	1	1	1	4	5	1				1		
Tajikistan	0	0	0	1	0	1	0	2	2	1				1		
Turkmenistan	0	0	0	1	0	1	0	2	2	1				1		
Viet Nam	1	0	1	3	2	2	2	9	10	1				1		
Total - Asia and the Pacific										5	8	1	1	15		
Latin America & Caribbean			0													
Bolivia	1	1	2	1	2	2	1	6	8			1		1		
Costa Rica	0	0	0	1	1	0	0	2	2			1		1		
Honduras	1	0	1	1	1	2	1	5	6			1		1		
Jamaica	1	0	1	2	1	4	1	8	9	1				1		
Nicaragua	1	0	1	1	1	2	1	5	6		2			2		
Venezuela	0	0	0	0	0	0	0	0	0	1				1		
Total - Latin America & Caribbean										2	2	3	0	7		
Grand Total										14	15	11	6	46		

ANNEX III

UNITED NATIONS POPULATION FUND

STAFFING TRENDS From 1988 To 2001

	1988-1989	1990-1991	1992-1993	1994-1995	1996-1997	1998-1999	2000-2001
HEADQUARTERS (Including Geneva)							
Professional	95	104	109	107	107	105	105
General Service	126	132	137	137	137	137	137
Subtotal	221	236	246	244	244	242	242
COUNTRY OFFICES							
International (Representatives and IPOs)	57	63	70	73	81	89	89
NPOs	72	93	112	124	141	156	170
Other Local Staff	274	302	373	396	453	485	517
Subtotal	403 a /	458	555	593	675	730	776
Total - Headquarters and Country Offices	624	694	801	837	919	972	1018
Percentage of Headquarters Staff	35.40%	34.00%	30.70%	29.20%	26.60%	24.90%	23.77%
Percentage of Country Offices Staff	64.60%	66.00%	69.30%	70.80%	73.40%	75.10%	76.23%

a / In 1988/89 the total of 403 field posts were included in the APSS budget. However, only the 57 international posts and 200 of the local posts were included as established posts. The remaining 146 local posts were approved as temporary posts.

b / Proposed staffing requirements (DP/FPA/1999/11)